

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Lyons</u>	County <u>Isola</u>
Audit Date <u>3/31/04</u>	Opinion Date <u>5/12/04</u>	Date Accountant Report Submitted to State: <u>6/11/04</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <u>Barry E. Gaudette, CPA, PC</u>			
Street Address <u>1107 E. Eighth Street</u>	City <u>Traverse City</u>	State <u>MI</u>	ZIP <u>49686</u>
Accountant Signature <u>Barry E. Gaudette CPA</u>			

TOWNSHIP OF LYONS
IONIA COUNTY, MICHIGAN

FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2004

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INTRODUCTORY SECTION

TOWNSHIP OF LYONS
ORGANIZATION
March 31, 2004
=====

TOWNSHIP OFFICIALS AND BOARD MEMBERS

Charles Babcock	Supervisor
Edith Lincoln	Clerk
Terese Pung	Treasurer
Ronald Simon	Trustee
Donald Spitzley	Trustee

OTHER TOWNSHIP OFFICIALS

John Westbrook	Deputy Supervisor
Virgene Pung	Deputy Treasurer
Cora Leiter	Deputy Clerk

Members of the Township Board
Township of Lyons
Ionia County, Michigan

1107 East Eighth Street
Traverse City, Michigan 49686
(231) 946-8930
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Independent Auditor's Report

We have audited the accompanying financial statements of the Township of Lyons, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township of Lyons' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Lyons, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Lyons. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Barry E. Gaudette, CPA, PC

May 19, 2004

FINANCIAL SECTION

Basic Financial Statements

TOWNSHIP OF LYONS
COMBINED BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

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	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
<u>ASSETS</u>		
Cash	\$176,060	\$ 42,929
Certificates of deposit	63,765	29,417
Prepaid expenses	10,720	
Due from other funds	953	
Due from other governmental units		
Land		
Buildings		
Furniture and fixtures		
Machinery and equipment		
TOTAL ASSETS	<u>\$251,498</u>	<u>\$ 72,346</u>
 <u>LIABILITIES & FUND EQUITY</u>		
LIABILITIES:		
Rent deposits	\$	\$ 619
Accounts payable		
Accrued liabilities	706	
Due to other funds		
Due to other governmental units		
TOTAL LIABILITIES	<u>706</u>	<u>619</u>
FUND EQUITY:		
Investment in general fixed assets		
Fund balance:		
Reserved	10,720	
Unreserved	<u>240,072</u>	<u>71,727</u>
TOTAL FUND EQUITY	<u>250,792</u>	<u>71,727</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$251,498</u>	<u>\$ 72,346</u>

See notes to financial statements

<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>	
<u>Trust and Agency</u>	<u>General Fixed Assets</u>	March 31,	
		<u>2004</u>	<u>2003</u>
\$ 30,508	\$	\$ 249,497	\$ 222,453
		93,182	101,332
		10,720	9,421
		953	377
19,605		19,605	19,605
	5,350	5,350	5,350
	99,612	99,612	98,768
	11,312	11,312	11,312
	<u>519,820</u>	<u>519,820</u>	<u>515,560</u>
<u>\$ 50,113</u>	<u>\$ 636,094</u>	<u>\$1,010,051</u>	<u>\$ 984,178</u>
\$	\$	\$ 619	\$ 1,530
		706	1,710
953		953	377
<u>29,555</u>		<u>29,555</u>	<u>39,766</u>
<u>30,508</u>		<u>31,833</u>	<u>43,383</u>
	636,094	636,094	630,990
19,605		30,325	29,026
		<u>311,799</u>	<u>280,779</u>
<u>19,605</u>	<u>636,094</u>	<u>978,218</u>	<u>940,795</u>
<u>\$ 50,113</u>	<u>\$ 636,094</u>	<u>\$1,010,051</u>	<u>\$ 984,178</u>

TOWNSHIP OF LYONS
**COMBINED STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE**
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED MARCH 31, 2004

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	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
REVENUES:		
Taxes	\$ 77,637	\$
Licenses and permits	1,089	
State grants	108,944	
Charges for services	48,894	
Interest & rents	3,272	26,014
Other revenue	<u>10,284</u>	<u>1,196</u>
TOTAL REVENUES	<u>250,120</u>	<u>27,210</u>
EXPENDITURES:		
Current:		
Legislative	27,230	
General government	69,586	16,081
Public safety	90,854	
Public works	37,162	
Capital outlay	<u> </u>	<u>5,104</u>
TOTAL EXPENDITURES	<u>224,832</u>	<u>21,185</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,288</u>	<u>6,025</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	1,006	5,000
Operating transfers (out)	<u> </u>	<u>(5,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,006</u>	<u> </u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	26,294	6,025
FUND BALANCE, beginning	<u>224,498</u>	<u>65,702</u>
FUND BALANCE, ending	<u>\$ 250,792</u>	<u>\$ 71,727</u>

See notes to financial statements

Fiduciary Fund Type	<u>Totals (Memorandum Only)</u>	
	Year Ended	
Expendable Trust	March 31,	
	<u>2004</u>	<u>2003</u>
\$	\$ 77,637	\$ 75,978
	1,089	460
	108,944	118,085
	48,894	45,740
1,006	30,292	26,920
	<u>11,480</u>	<u>4,665</u>
<u>1,006</u>	<u>278,336</u>	<u>271,848</u>
	27,230	21,995
	85,667	83,808
	90,854	69,299
	37,162	43,215
	<u>5,104</u>	<u>18,858</u>
	<u>246,017</u>	<u>237,175</u>
<u>1,006</u>	<u>32,319</u>	<u>34,673</u>
(1,006)	6,006	6,278
	<u>(6,006)</u>	<u>(6,278)</u>
<u>(1,006)</u>		
	32,319	34,673
<u>19,605</u>	<u>309,805</u>	<u>275,132</u>
<u>\$ 19,605</u>	<u>\$ 342,124</u>	<u>\$ 309,805</u>

TOWNSHIP OF LYONS
**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004**

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	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 53,200	\$ 77,637	\$ 24,437
Licenses and permits	1,360	1,089	(271)
State grants	113,000	108,944	(4,056)
Charges for services	41,500	48,894	7,394
Interest & rents	1,500	3,272	1,772
Other	6,100	10,284	4,184
TOTAL REVENUES	<u>216,660</u>	<u>250,120</u>	<u>33,460</u>
EXPENDITURES:			
Current:			
Legislative	32,850	27,230	5,620
General government	74,420	69,586	4,834
Public safety	88,875	90,854	(1,979)
Public works	39,000	37,162	1,838
Capital outlay	5,000		5,000
TOTAL EXPENDITURES	<u>240,145</u>	<u>224,832</u>	<u>15,313</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,485)</u>	<u>25,288</u>	<u>48,773</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	1,000	1,006	6
Operating transfers (out)			
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>1,006</u>	<u>6</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(22,485)</u>	<u>26,294</u>	<u>48,779</u>
FUND BALANCE, beginning	<u>224,498</u>	<u>224,498</u>	
FUND BALANCE, ending	<u>\$ 202,013</u>	<u>\$250,792</u>	<u>\$ 48,779</u>

See notes to financial statements

<u>Special Revenue Funds</u>		
<u>Amended</u>		<u>Variance</u>
<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
		<u>(Unfavorable)</u>
\$	\$	\$
21,600	26,014	4,414
<u>3,100</u>	<u>1,196</u>	<u>(1,904)</u>
<u>24,700</u>	<u>27,210</u>	<u>2,510</u>
18,800	16,081	2,719
<u>2,000</u>	<u>5,104</u>	<u>(3,104)</u>
<u>20,800</u>	<u>21,185</u>	<u>(385)</u>
<u>3,900</u>	<u>6,025</u>	<u>2,125</u>
	5,000	5,000
	<u>(5,000)</u>	<u>(5,000)</u>
3,900	6,025	2,125
<u>42,552</u>	<u>65,702</u>	<u>23,150</u>
<u>\$ 46,452</u>	<u>\$ 71,727</u>	<u>\$ 25,275</u>

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The Township of Lyons (Township) complies with Generally Accepted Accounting Principles (GAAP). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the fiscal year ended March 31, 2004.

B. Reporting Entity

The Township of Lyons operates under a Board-Supervisor form of government and provides services to its more than 1,558 residents in many areas including public safety, street development and maintenance and general administrative services. The Township also has the distinction of being the only Township in the State of Michigan to include within its boundaries, three other municipalities: Pewamo, Lyons, and Muir.

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the National Council of Governmental Accounting (NCGA) Statement No. 3. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Township's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Reporting Entity - Continued

Township and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Township and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the financial statements of certain other governmental organizations are not included in the financial statements of the Township of Lyons.

C. Funds and Account Groups

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity.

The major fund categories and account groups are:

Governmental Fund Types

These funds are those through which most governmental functions typically are financed. The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of the financial resources) rather than upon net income. The following is a description of the Governmental Fund Types of the Township:

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, State distributions and grants, and other intergovernmental revenues.

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Funds and Account Groups - Continued

Governmental Fund Types - Continued

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. These funds include the Building, Fire Equipment and Telecommunications Funds.

Fiduciary Fund Types

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The Township has two Fiduciary Funds as follows:

Expendable Trust Fund

The measurement focus of the Expendable Trust Fund is the same as for Governmental Funds. The Township's Cemetery Perpetual Care Fund is an Expendable Trust Fund.

Agency Fund

The Agency Fund is purely custodial in nature (assets equal liabilities) and thus, does not involve measurement of results of operations. The Township's Current Tax Collection Fund is an Agency Fund.

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Funds and Account Groups - Continued

Account Groups

Account Groups are not funds; they do not reflect available financial resources and related liabilities, but are accounting records of the following:

General Fixed Asset Account Group

The General Fixed Asset Account Group is used to maintain control and cost information for all fixed assets of the Township.

Measurement Focus: The Accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are excluded from general fixed assets as such items are immovable and of value only to the Village. No depreciation has been provided on general fixed assets.

Fixed assets are recorded at historical cost. Donated fixed assets are valued at the fair market value as of the date received.

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Total Columns (Memorandum Only)

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual

All Governmental Funds (General and Special Revenue Funds) and the Expendable Trust Fund are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, property taxes and other revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seem certain.

F. Budgets

Annual operating budgets are adopted by the Township Board for the General and Special Revenue Funds in accordance with Public Act 621 of 1978.

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Budgets - Continued

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. At the first meeting in March, the Supervisor submits to the Township Board, a proposed operating budget for the fiscal year commencing the following April 1st. The operating budget includes proposed expenditures and the means of financing them for the General and Special Revenue Funds.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to March 1st, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
- d. Budget amendments are made by the Township Board as the need arises during the year.
- e. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with generally accepted accounting principles.
- f. Budget appropriations lapse at year end.
- g. The original budget was amended during the year in compliance with the Township procedures and applicable state laws. The budget to actual expenditures in the financial statements represent the final budgetary expenditures as amended by the Township Board.

G. Encumbrance System

The Township does not use an encumbrance system.

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Assets and Liabilities

1. Cash and investments

Michigan Compiled Laws, Section 129.91, authorizes the Township of Lyons to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated two banks for the deposit of Township funds and the County of Ionia has custody of the Cemetery Perpetual Care Fund monies.

The Township's deposits and investments are in accordance with statutory authority.

2. Accounts Receivable

The Township does not have any accounts receivable because delinquent taxes and ambulance billings are recorded on a cash basis.

3. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund inventories are not recorded.

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Assets and Liabilities - Continued

4. Fixed Assets and Depreciation

Property, plant, and equipment of all funds are stated at historical cost. Donated fixed assets are stated at their fair market value on the date donated. Governmental fund fixed assets are recorded in the General Fixed Asset Account Group and are not depreciated.

5. Capitalized Interest

Generally accepted accounting principles require that interest expenditures incurred during construction of assets be capitalized. They are capitalized only to the extent that interest cost exceeds interest earned on related interest bearing investments. The Township did not capitalize interest on fixed assets in the current year.

I. Allowance for Doubtful Accounts

The Township does not use an allowance for doubtful accounts.

J. Accrued Vacation and Sick Leave

The Township does not maintain a policy providing sick and vacation benefits for its employees.

K. Fund Balance Reserve

The Fund Balance Reserve reflects an offset for the Cemetery Perpetual Care Trust Fund and prepaid insurance. Under the modified accrual basis of accounting, when expendable trust funds and prepaid insurance are reported in the financial statements, it is to be equally offset by a fund balance reserve account. This indicates that even though expendable trust funds expenses and prepaid insurance are a component of net current assets, they do not represent an "available spendable resource." The fund balance reserve indicates that the restricted assets, reported on the financial statements, are designated for a specific use and, therefore, are not an "available spendable resource."

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

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NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budget expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures in the General Fund which were in excess of the amounts appropriated as follows:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Amount of Expenditure</u>	<u>Budget Variance</u>
General Fund:			
Public safety:			
Fire - Lyons/Muir	\$ 36,000	\$ 38,355	\$(2,355)
Fire - Pewamo	30,250	31,971	(1,721)

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS

A. Assets

1. Deposits and Investments

The Township's deposits are in accordance with statutory authority. The GASB Statement No. 3 risk disclosure for the Township's cash deposits are as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
Insured (FDIC)	\$343,125	\$342,679
Uninsured		
Total	<u>\$343,125</u>	<u>\$342,679</u>

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

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NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued:

A. Assets Continued:

2. Property Taxes Receivable and Property Tax Calendar

	<u>Mills</u>	<u>Adjusted Levy</u>	<u>Collections</u>	<u>Delinquent</u>
Township-				
general operating	.8586	\$ 50,306	\$ 46,789	\$ 3,517
fire operating	<u>.4291</u>	<u>25,141</u>	<u>23,371</u>	<u>1,770</u>
	<u>1.2877</u>	<u>\$ 75,447</u>	<u>\$ 70,160</u>	<u>\$ 5,287</u>

The Township's Taxable Valuation is \$58,591,094.

Property tax revenues are recognized in the fiscal year for which they have been levied and become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay current period liabilities. The current period referred to here is a period of time not exceeding 60 days.

3. Property and Equipment

A summary of the changes in general fixed assets follows:

	<u>04/01/03 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/04 Balance</u>
Land	\$ 5,350	\$	\$	\$ 5,350
Buildings & improvements	98,768	844		99,612
Fire trucks & equipment	463,211	4,260		467,471
Furniture & fixtures	11,312			11,312
Equipment	<u>52,349</u>			<u>52,349</u>
Total	<u>\$ 630,990</u>	<u>\$ 5,104</u>	<u>\$</u>	<u>\$ 636,094</u>

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

B. Liabilities

2. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits claims and participates in the Michigan Municipal League & Property Pool for claims relating to general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents) and workers compensation.

This policy complies with Act 294, P.A. 1972, as amended.

C. Interfund Transactions

Following is a description of the basic types of interfund transactions and the related accounting policy:

Transactions for services rendered or facilities provided; these transactions are recorded as revenue in the receiving fund and expenditures in the disbursing fund.

Transactions to transfer revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them; these transactions are recorded as transfers in and transfers out.

Interfund transactions are not eliminated for financial presentation purposes.

The Tax Collection Fund owes the General Fund \$953.00.

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 4: RETIREMENT PLAN

The Township paid Manufacturers Life Insurance Company \$7,700 to fund a defined contribution pension plan for the fiscal year 2003/2004. The Township Clerk, Treasurer, Supervisor and the two Trustees are the participants in the plan and are all fully vested. The plan is funded by both the Township officials and the Township.

The original effective date of Plan Adoption was March 20, 1969. Normal retirement age is 65 (not earlier than 55 nor later than 65) or, if later, completion of 10 years of participation in the Plan. Early retirement age permitted at any time after attainment of age 55. The age and service requirements to participate in the Plan are at least age 18 (may not exceed age 35). All elected officials shall be eligible to participate in the Plan. An individual who satisfies requirements set forth above shall commence participation in the Plan the first day of the Plan year or the corresponding day or any subsequent month coincident with or following the date the Plan's eligibility requirements are met. Individuals shall be permitted to waive the right to participate in the Plan. Participants may make voluntary after-tax contributions, through payroll withholding in amounts ranging from 1% to 5% of compensation. Benefits attributable to Employer contributions shall be 100% vested upon a Participant's death, disability, or normal retirement, or upon the termination of the Plan. On termination of a Participant's service, other than because of death, disability, or normal retirement, such benefits shall vest 100% immediately. Benefits attributable to Employer contributions shall not be forfeited if, for reasons other than retirement, death, or disability a Participant takes a distribution of any portion of his/her Mandatory After-Tax Employee Contribution Account prior to the expiration of 24 (maximum 24) months following his/her termination of employment.

The investment of Plan assets is the responsibility of the employer. A participant's account shall be distributed in a lump sum cash payment within the first 24 (maximum 24) months following termination of employment.

TOWNSHIP OF LYONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 5: INDIVIDUAL FUNDS PRESENTATION

The General Fund, the Debt Service Fund, Expendable Trust Fund (Cemetery Perpetual Care Fund), and Agency Fund (Current Tax Collection Fund) are the only Township funds of their individual fund kind. Therefore, they are not presented in a combining statement in the supplemental data portion of this report.

NOTE 6: RELATED PARTY TRANSACTIONS

Nothing came to our attention during the audit effort that would warrant separate mention related to transactions between the Township and its employees and/or elected officials.

NOTE 7: SIGNIFICANT CONTINGENT LIABILITIES

After reviewing the Township Board meeting minutes, and after discussion with staff and other consultations with the Township's legal firm, it appears that the Township has no other material contingent liabilities at this time.

NOTE 8: SUBSEQUENT EVENTS

No subsequent events have come to our attention that require disclosure at this time.

NOTE 9: COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

SUPPLEMENTARY DATA SECTION

Combining and Individual Fund Statements

TOWNSHIP OF LYONS
COMPARATIVE BALANCE SHEET
GENERAL FUND
MARCH 31, 2004 AND 2003
=====

	Totals	
	March 31,	
	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$176,060	\$153,708
Certificates of deposit	63,765	62,702
Prepaid expenses	10,720	9,421
Due from other funds	<u>953</u>	<u>377</u>
TOTAL ASSETS	<u>\$251,498</u>	<u>\$226,208</u>
 <u>LIABILITIES & FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 706	\$ 1,710
Accrued liabilities	<u>706</u>	<u>1,710</u>
TOTAL LIABILITIES	<u>706</u>	<u>1,710</u>
FUND BALANCE:		
Reserved	10,720	9,421
Unreserved	<u>240,072</u>	<u>215,077</u>
TOTAL FUND BALANCE	<u>250,792</u>	<u>224,498</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$251,498</u>	<u>\$226,208</u>

TOWNSHIP OF LYONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 53,200	\$ 77,637	\$ 24,437
Licenses and permits	1,360	1,089	(271)
State grants	113,000	108,944	(4,056)
Charges for services	41,500	48,894	7,394
Interest	1,500	3,272	1,772
Other	<u>6,100</u>	<u>10,284</u>	<u>4,184</u>
TOTAL REVENUES	<u>216,660</u>	<u>250,120</u>	<u>33,460</u>
EXPENDITURES:			
Current:			
Legislative:			
Township Board:			
Salaries	3,350	2,961	
Pension	8,500	8,549	
Insurance	5,000	5,959	
Payroll taxes	7,200	2,854	
Audit	1,100	1,100	
Dues	1,100	1,068	
Economic Alliance	500	500	
Telephone & fax	2,100	1,860	
Legal	1,500		
Printing & publishing	2,000	716	
Miscellaneous	500	213	
Capital outlay	<u>5,000</u>	<u>1,450</u>	
Total Township Board	<u>37,850</u>	<u>27,230</u>	<u>10,620</u>
Total Legislative	<u>37,850</u>	<u>27,230</u>	<u>10,620</u>
General Government:			
Supervisor:			
Salary	9,800	9,930	
Deputy supervisor	130		
Home office allowance	<u>200</u>	<u>38</u>	
Total Supervisor	<u>10,130</u>	<u>9,968</u>	<u>162</u>

TOWNSHIP OF LYONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES CONT:			
General Government Cont:			
Assessor:			
Salary	15,000	15,000	
Office expense	<u>1,500</u>	<u>1,159</u>	
Total Assessor	<u>16,500</u>	<u>16,159</u>	<u>341</u>
Elections:			
Salaries	1,600		
Office expenses	800	283	
Printing & publishing	<u>500</u>		
Total Elections	<u>2,900</u>	<u>283</u>	<u>2,617</u>
Clerk:			
Salary	9,800	9,815	
Deputy clerk	130		
Office expense	<u>1,200</u>	<u>1,014</u>	
Total Clerk	<u>11,130</u>	<u>10,829</u>	<u>301</u>
Treasurer:			
Salary	14,300	14,315	
Deputy Treasurer	130		
Office expense	<u>3,000</u>	<u>2,901</u>	
Total Treasurer	<u>17,430</u>	<u>17,216</u>	<u>214</u>
Cemetery:			
Salaries (contract)	7,500	7,900	
Extra labor (hours)	1,650	1,647	
Insurance	1,000	1,370	
Sexton & lot sales	650	650	
Operating supplies	500	607	
Burial expense	2,000	970	
Repairs and maintenance	1,600	715	
Tractor rental	<u>500</u>	<u>500</u>	
Total Cemetery	<u>15,400</u>	<u>14,359</u>	<u>1,041</u>

TOWNSHIP OF LYONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

=====

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES CONT:			
General Government Cont:			
Board of Review:			
Salaries	930	772	158
Total General Government	<u>74,420</u>	<u>69,586</u>	<u>4,834</u>
Public Safety:			
Fire - Lyons/Muir:			
Salaries	9,000	10,520	
Training	2,500	3,395	
Chief's pay	1,250	1,250	
Insurance	7,500	5,357	
Operating supplies	2,500	3,066	
Repairs & maintenance	5,750	5,657	
Capital Outlay	7,500	9,110	
Total Fire - Lyons/Muir	<u>36,000</u>	<u>38,355</u>	<u>(2,355)</u>
Fire - Pewamo:			
Salaries	5,500	6,710	
Training	2,500	3,110	
Chief's pay	1,250	1,250	
Insurance	6,000	5,834	
Operating supplies	2,000	1,468	
Repairs & maintenance	5,500	5,608	
Capital Outlay	7,500	7,991	
Total Fire - Pewamo	<u>30,250</u>	<u>31,971</u>	<u>(1,721)</u>
Ambulance:			
Billing allowance	2,125	2,122	
Home office allowance	500	500	
Contract payments	20,000	17,906	
Total Ambulance	<u>22,625</u>	<u>20,528</u>	<u>2,097</u>
Total Public Safety	<u>88,875</u>	<u>90,854</u>	<u>(1,979)</u>

TOWNSHIP OF LYONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

=====

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES CONT:			
Public Works:			
Gravel	12,000	11,850	
Brine	25,000	23,492	
Bridge, culverts, misc.	<u>2,000</u>	<u>1,820</u>	
Total Public Works	<u>39,000</u>	<u>37,162</u>	<u>1,838</u>
TOTAL EXPENDITURES	<u>240,145</u>	<u>224,832</u>	<u>15,313</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (23,485)	 25,288	 48,773
 OTHER FINANCING SOURCES (USES):			
Operating transfers in	1,000	1,006	6
Operating transfers (out)	<u> </u>	<u> </u>	<u> </u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 (22,485)	 26,294	 48,779
 FUND BALANCE, beginning	<u>224,498</u>	<u>224,498</u>	<u> </u>
 FUND BALANCE, ending	<u>\$202,013</u>	<u>\$250,792</u>	<u>\$ 48,779</u>

TOWNSHIP OF LYONS
 COMBINING BALANCE SHEETS
 ALL SPECIAL REVENUE FUNDS
 MARCH 31, 2004
 =====

	<u>Building Fund</u>	<u>Fire Equipment Fund</u>	<u>Telecommunications Fund</u>
<u>ASSETS</u>			
Cash	\$34,518	\$ 8,315	\$ 96
Certificates of deposit	<u>13,040</u>	<u>16,377</u>	<u> </u>
TOTAL ASSETS	<u>\$47,558</u>	<u>\$24,692</u>	<u>\$ 96</u>
 <u>LIABILITIES & FUND BALANCE</u>			
LIABILITIES:			
Accounts payable	\$	\$	\$
Rental deposits	<u>619</u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	619		
FUND BALANCE:			
Unreserved	<u>46,939</u>	<u>24,692</u>	<u>96</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$47,558</u>	<u>\$24,692</u>	<u>\$ 96</u>

<u>Totals</u>	
<u>March 31,</u>	
<u>2004</u>	<u>2003</u>

\$ 42,929	\$ 28,602
<u>29,417</u>	<u>38,630</u>
<u>\$ 72,346</u>	<u>\$ 67,232</u>

\$	\$
<u>619</u>	<u>1,530</u>
619	1,530

<u>71,727</u>	<u>65,702</u>
---------------	---------------

<u>\$ 72,346</u>	<u>\$ 67,232</u>
------------------	------------------

TOWNSHIP OF LYONS
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED MARCH 31, 2004**

=====

	<u>Building Fund</u>	<u>Fire Equipment Fund</u>	<u>Telecommunications Fund</u>
REVENUES:			
Rents	\$ 24,976	\$	\$
Interest	634	402	2
Other		400	796
TOTAL REVENUES	<u>25,610</u>	<u>802</u>	<u>798</u>
EXPENDITURES:			
Current:			
General Government:			
Insurance	1,916		
Home office allowance	500		
Building management	2,472		
Audit	200		
Utilities	2,003		
Repairs & maintenance	7,743		700
Janitorial	437		
Miscellaneous	108		2
Capital outlay	<u>844</u>	<u>4,260</u>	
TOTAL EXPENDITURES	<u>16,223</u>	<u>4,260</u>	<u>702</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,387	(3,458)	96
OTHER FINANCING SOURCES (USES):			
Operating transfers in		5,000	
Operating transfer (out)	<u>(5,000)</u>		
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDI- TURES AND OTHER USES	4,387	1,542	96
FUND BALANCE, beginning	<u>42,552</u>	<u>23,150</u>	
FUND BALANCE, ending	<u>\$ 46,939</u>	<u>\$ 24,692</u>	<u>\$ 96</u>

<u>Totals</u>	
Year Ended	
March 31,	
<u>2004</u>	<u>2003</u>
\$ 24,976	\$ 21,609
1,038	1,308
<u>1,196</u>	<u>683</u>
<u>27,210</u>	<u>23,600</u>

1,916	1,260
500	500
2,472	2,472
200	200
2,003	1,719
8,443	7,507
437	787
110	1,076
<u>5,104</u>	
<u>21,185</u>	<u>15,521</u>

6,025 8,079

5,000 5,000
(5,000) (5,000)

6,025 8,079
65,702 57,623
\$ 71,727 \$ 65,702

TOWNSHIP OF LYONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Rents	\$ 20,700	\$ 24,976	\$ 4,276
Interest	900	634	(266)
Other	<u>600</u>	<u> </u>	<u>(600)</u>
TOTAL REVENUES	<u>22,200</u>	<u>25,610</u>	<u>3,410</u>
EXPENDITURES:			
Current:			
General Government:			
Insurance	1,300	1,916	(616)
Home office allowance	500	500	
Building management	2,500	2,472	28
Audit	200	200	
Utilities	2,200	2,003	197
Repairs & maintenance	5,000	7,743	(2,743)
Janitorial	1,100	437	663
Miscellaneous	6,000	108	5,892
Capital outlay	<u>2,000</u>	<u>844</u>	<u>1,156</u>
TOTAL EXPENDITURES	<u>20,800</u>	<u>16,223</u>	<u>4,577</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,400	9,387	7,987
OTHER FINANCING SOURCES (USES):			
Other transfers (out)	<u> </u>	<u>(5,000)</u>	<u>(5,000)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDI- TURES AND OTHER USES	1,400	4,387	2,987
FUND BALANCE, beginning	<u>42,552</u>	<u>42,552</u>	<u> </u>
FUND BALANCE, ending	<u>\$ 43,952</u>	<u>\$ 46,939</u>	<u>\$ 2,987</u>

TOWNSHIP OF LYONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIRE EQUIPMENT FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Interest	\$	\$ 402	\$ 402
Other		<u>400</u>	<u>400</u>
TOTAL REVENUES		802	802
EXPENDITURES:			
Current:			
Public Safety:			
Repairs & maintenance			
Capital outlay		<u>4,260</u>	<u>(4,260)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		(3,458)	(3,458)
OTHER FINANCING SOURCES (USES):			
Operating transfers in		<u>5,000</u>	<u>5,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		1,542	1,542
FUND BALANCE, beginning		<u>23,150</u>	<u>23,150</u>
FUND BALANCE, ending	<u>\$</u>	<u>\$ 24,692</u>	<u>\$ 24,692</u>

TOWNSHIP OF LYONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TELECOMMUNICATIONS FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Interest	\$	\$ 2	\$ 2
Other	<u>2,500</u>	<u>796</u>	<u>(1,704)</u>
TOTAL REVENUES	<u>2,500</u>	<u>798</u>	<u>(1,702)</u>
EXPENDITURES:			
Current:			
General government:			
Repairs & maintenance		700	(700)
Miscellaneous		<u>2</u>	<u>(2)</u>
TOTAL EXPENDITURES		<u>702</u>	<u>(702)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,500	96	(2,404)
FUND BALANCE, beginning			
FUND BALANCE, ending	<u>\$ 2,500</u>	<u>\$ 96</u>	<u>\$(2,404)</u>

TOWNSHIP OF LYONS
COMPARATIVE BALANCE SHEET
CEMETERY PERPETUAL CARE EXPENDABLE TRUST FUND
MARCH 31, 2004 AND 2003
=====

	<u>Totals</u>	
	March 31,	
	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Due from other governmental units	\$ 19,605	\$ 19,605
TOTAL ASSETS	<u>\$ 19,605</u>	<u>\$ 19,605</u>
<u>FUND BALANCE</u>		
FUND BALANCE:		
Reserved	\$ 19,605	\$ 19,605
TOTAL FUND BALANCE	<u>\$ 19,605</u>	<u>\$ 19,605</u>

TOWNSHIP OF LYONS
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - CEMETERY PERPETUAL
CARE EXPENDABLE TRUST FUND
MARCH 31, 2004 AND 2003

=====

	<u>Totals</u> <u>March 31,</u>	
	<u>2004</u>	<u>2003</u>
REVENUES:		
Interest earned	\$ 1,006	\$ 1,278
Contributions	<u> </u>	<u> </u>
TOTAL REVENUES	1,006	1,278
EXPENDITURES:		
General government:		
Miscellaneous supplies	<u> </u>	<u> </u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,006	1,278
OTHER FINANCING SOURCES (USES):		
Operating transfers (out)	<u>(1,006)</u>	<u>(1,278)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		
FUND BALANCE, beginning	<u>19,605</u>	<u>19,605</u>
FUND BALANCE, ending	<u>\$ 19,605</u>	<u>\$ 19,605</u>

TOWNSHIP OF LYONS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 FOR THE YEAR ENDED MARCH 31, 2004

=====

	Balance April 1, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance March 31, <u>2004</u>
<u>ASSETS</u>				
Cash-checking	\$ 677	\$1,547,293	\$1,547,573	\$ 397
Cash-savings	<u>39,466</u>	<u>1,534,277</u>	<u>1,543,632</u>	<u>30,111</u>
	<u>\$ 40,143</u>	<u>\$3,081,570</u>	<u>\$3,091,205</u>	<u>\$ 30,508</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 377	\$ 92,724	\$ 92,148	\$ 953
Due to other governmental units	<u>39,766</u>	<u>2,988,846</u>	<u>2,999,057</u>	<u>29,555</u>
	<u>\$ 40,143</u>	<u>\$3,081,570</u>	<u>\$3,091,205</u>	<u>\$ 30,508</u>

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Lyons
Ionia County, Michigan

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and the Township Board and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.
May 19, 2004